

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2231 - HB 2456

March 20, 2014

SUMMARY OF BILL: Requires, on or before January 1, 2015, the Commissioner of the Department of Health (DOH) to develop a plan for a network of providers and health agreements to provide primary care for individuals who are not eligible for medical assistance and are otherwise lacking health insurance to utilize clinics associated with local health departments. An individual shall receive such primary care from a clinic in which the individual resides or in the region governed by the joint district health department which contains such county. Required public colleges of medicine or medical schools in each grand division to enter into contracts with local health departments to provide additional resources and health care providers to local health departments. Requires DOH to provide grants and other financial assistance, as necessary, to local health departments for initiating or operating clinics that provide adult primary care services. Defines "local health department" as a county health department, a joint district health department, or a metropolitan health department with which DOH contracts for services.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$18,783,600

Increase Local Expenditures - \$18,783,600*

Assumptions:

- The language of the bill implies that DOH is required to assist local governments in providing such healthcare, through grants and other financial assistance.
- Requiring DOH to provide primary care services to uninsured patients, who are ineligible for medical assistance, will have a significant impact on DOH.
- It is estimated that approximately 84,886 uninsured individuals in Tennessee who would receive services.
- According to the Federal Uniform Data System (UDS), the annual cost per patient for primary care services is \$442.56.
- There will be an increase in expenditures to DOH and local health departments of \$37,567,148 (84,886 x \$442.56).
- This legislation does not provide a funding structure, but states: "the Department of Health shall provide grants and other financial assistance to local health departments for initiating or operating clinics that provide adult primary care services in order to expand the number of clinics that provide such services."

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- It is estimated that local governments will incur half these expenditures or \$18,783,574 (\$37,567,148 / 2).
- The remaining \$18,783,574 will be covered by state funds through DOH.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

/jdb